

Government of the District of Columbia  
Department of Insurance, Securities and Banking



Thomas E. Hampton  
Commissioner

BULLETIN  
09-IB-04-08/27

TO: ALL LICENSED INSURANCE COMPANIES

FROM: THOMAS E. HAMPTON, COMMISSIONER

SUBJECT: APPLICATION OF THE ARBITRATION ACT OF 2007

DATE: AUGUST 27, 2009

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The intent of this Bulletin is to communicate to all District of Columbia licensed insurers certain changes regarding the regulation of arbitration agreements pursuant to the Arbitration Act of 2007, effective February 27, 2008 (D.C. Law 17-111; D.C. Official Code § 16-4401 *et seq.*) ("Arbitration Act of 2007" or "Act").

Among other things, the Arbitration Act of 2007 regulates arbitration organizations and requires parties drafting consumer arbitration agreements to disclose the costs associated with arbitration, including the filing fees, the average daily cost for an arbitrator and hearing room, other charges that the arbitrator or arbitration organization may assess, as well as the proportionate share of the costs each party would bear in the event the consumer receives a favorable or unfavorable ruling. The Act does not, however, apply to any arbitrator or arbitration organization governed by rules adopted by a securities self-regulatory organization; provided, the rules are approved by the United States Securities and Exchange Commission.

For purposes of insurance regulation specifically, the Arbitration Act of 2007 explicitly states, "[a]ny provision in an insurance policy with a consumer that requires binding arbitration is void and unenforceable." An insurance policy with a consumer, however, may allow for the resolution of disputes through arbitration; provided: (1) the decision to arbitrate is made by the parties at the time a dispute arises; and (2) any decision to arbitrate is not a condition of continuing coverage under the same terms that would have otherwise applied.

All insurance policies subject to District of Columbia insurance law should be amended to comply with the provisions of the Arbitration Act of 2007. The Act applies to all policies issued or renewed on or after July 1, 2009. Additionally, the Department requests that all insurers, health maintenance organizations and third-party filers establish procedures to process requests for arbitration. The designated contact information established by an insurer should be forwarded to the District of Columbia Department of Insurance, Securities and Banking, Attn: Consumer Services Branch, 810 First Street, Suite 701, N.E., Washington, D.C. 20002.

If you have any questions pertaining to this Bulletin, please contact Jamaï Fontaine, Insurance Examiner Manager, Department of Insurance, Securities and Banking, at [jamai.fontaine@dc.gov](mailto:jamai.fontaine@dc.gov) or (202) 442-7782. For any consumer questions, contact Lee Backus, Insurance Operations Program Manager, at [lee.backus@dc.gov](mailto:lee.backus@dc.gov) or (202) 442-7812.